

# Committee on Ways and Means

## Outpatient Therapy Services

- The *Deficit Reduction Act* (DRA) implements limits on therapy services but creates an exceptions process. Therapy caps were first enacted in 1997 but the caps have been suspended for most of the past eight years. Yet the reasons for developing the caps – concern about unnecessary overutilization of therapy services – have remained, according to the November 2005 Government Accountability Office’s report on outpatient therapy.
- The DRA provision allows the caps to take effect. Beneficiaries are limited to a maximum of \$1,740 for physical therapy and speech-language pathology services combined, and a separate maximum of \$1,740 for occupational therapy services. Therapy services delivered in hospital inpatient and outpatient departments are not subject to the caps.
- To ensure that beneficiaries who need extensive therapy get that care, the provision requires the Centers for Medicare & Medicaid Services (CMS) to create an exceptions process that permits beneficiaries to request additional, medically necessary therapy services. In the first phase of implementation, on approval of a request, CMS will allow payment of any claims denied due to application of the caps for services provided between January 1, 2006 and implementation of the therapy caps exceptions process.
- Using the exceptions process, CMS must determine if additional services are medically appropriate and respond within 10 days. If CMS does not respond, the additional services are presumed to be appropriate and must be reimbursed.
- The provision also requires CMS to implement changes in its review of therapy claims to help reduce fraud and abuse in the provision of therapy services.